

## Business taxes and prosperity vs. proven tax policy

A quick check of the internet on truth of taxation issues reveals that several sites including [www.TAXFOUNDATION.ORG](http://www.TAXFOUNDATION.ORG) a non-profit, non-partisan research center in Washington D. C. will uncover the fact that for the past several years Michigan has been between the 17th to the 23rd best state in the nation from a business Taxation stand point to conduct and operate a business with a current ranking of 17<sup>th</sup>. The current recession has surely been damaging to our citizens indeed the recent population figures point out that we were the biggest losers of population in the nation much of which can be correlated to the major losses of manufacturing in particular the Automotive Industry. We currently have an unemployment rate of 10.4 % according to the Bureau of Labor Statistics U.S. Dept. of Labor. Our ranking is 46<sup>th</sup> out of 50 states. According to [www.REALTYTRAC.COM](http://www.REALTYTRAC.COM) 1 of every 324 housing units in Michigan is somewhere in the foreclosure process.

Now some would say that's because we tax business too much. But again we are 17th best of 50 states. While Nevada which ranks 4<sup>th</sup> best in taxation for business has an unemployment rate of 13.6% and ranks 50<sup>th</sup>. Nevada has a current foreclosure rate of 1 of every 119 housing units.

Another state that seems to challenge the direct correlation of business taxation to prosperity is Minnesota they are ranked 43 out of 50 or very unfavorable for business taxation. The unemployment rate there is 6.7%. The foreclosure rate is 1 in every 1103 housing units several times better than we are. Minnesota's unemployment rate is 60% of ours. So maybe it is not as simple as less taxation equals more employment more prosperity.

Another distortion is that we are one of only a very few states not to tax individual pensions as income. Well the Retirement Living Information center provides information that there are 17 other States besides Michigan that do not tax pension either because they don't have an income tax or exempt pension income from taxes. The National Institute on Retirement Securities estimates each dollar invested in state and local pensions supports about \$6.49 in total economic activity in Michigan. That totals nearly \$7 Billion in economic activity. Local small business owners that I have spoken to tell me that even a complete elimination of taxes will likely have no effect on the number of employees they employ. Adding employees must be driven by demand for product or service. Taking dollars away by taxing pensions which generate at 6.5 to 1 ratio seems like taking away the bird in hand for a pig in a poke.

If keeping the Pure Michigan Campaign was worthy of funding because it has a positive ratio of 3 to 1 revenue generation to amount expended then keeping senior pensions intact with revenue generation of 6.5 to 1 should really be a no brainer. The state has that information as they sent it out with our retirement newsletter. Taking away dollars in any form should be avoided that includes taxing pensions, elimination of \$ 2300.00 added exception for those over 65 years old, and elimination of Homestead tax credits. These are the stabilizing forces that keep seniors able to have expendable revenue that generates \$7 billion in Michigan economic activities.

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